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# **Personnel Cabinet Annual Report**

**Paul E. Patton**  
Governor

**Carol M. Palmore**  
Secretary

# **2002-2003 Annual Report**

## **Personnel Cabinet**

All information contained in this report is as of  
June 30, 2003.

**Prepared by:**

**Division of Communications and Recognition  
Personnel Cabinet  
200 Fair Oaks, Suite 501  
Frankfort, KY 40601  
502-564-3433**

# Table of Contents

Core Values, Vision and Mission .....	1	
Organizational Chart.....	2	
Personnel Cabinet Responsibilities .....	3 – 6	
<b>Office of the Secretary</b>		
Kentucky Employees Deferred Compensation Authority .....	7 - 18	
Cooperative Education and Internship Program .....	19	
<b>Office of Administrative and Legal Services</b>		
General Counsel.....	20	
Administrative Services Branch .....	21	
Systems Management Branch.....	21 - 23	
Equal Employment Opportunity Unit.....	23 – 28	
<b>Office of Public Employee Health Insurance, OPEHI .....</b>	<b>29 - 31</b>	
<b>Department for Employee Relations</b>		
<b><i>Division of Communications and Recognition</i></b>		
Communications Branch.....	32	
Employee Recognition Branch .....	32	
Workplace Relations Branch .....	32	
<b><i>Division of Employee Benefits</i></b>		
Group Life Insurance Administration Branch .....	33	
Workers' Compensation Branch/Return to Work Program .....	34	
Kentucky Safety Program .....	35	
Kentucky Employee Assistance Branch .....	35 - 38	
<b>Department for Personnel Administration</b>		
<b><i>Division of Employee Records</i></b>		
Processing/Files Branch .....	39	
Payroll Branch .....	39	
<b><i>Division of Classification and Compensation</i>.....</b>		<b>40</b>
<b><i>Division of Staffing Services</i> .....</b>		<b>41 - 45</b>
<b>Office/Branch of Performance Management .....</b>	<b>46</b>	
Employee Facts .....	47 - 52	

# Core Values, Vision and Mission

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## CORE VALUES

- ◆ Customer Focused – We are committed to providing quality customer service. We strive to demonstrate responsiveness, sensitivity, and respect to those we serve.
- ◆ Equal Opportunity – We are committed to providing full and equal access to employment and other human resources services.
- ◆ Innovation – We are committed to promoting the proactive use of human resources, technology, and progressive thinking.
- ◆ Openness – We are committed to fostering an environment in which all people have access to the Commonwealth's human resources programs and information.
- ◆ Integrity – We are committed to maintaining the highest ethical and legal standards that promote competence, accountability, and public trust.

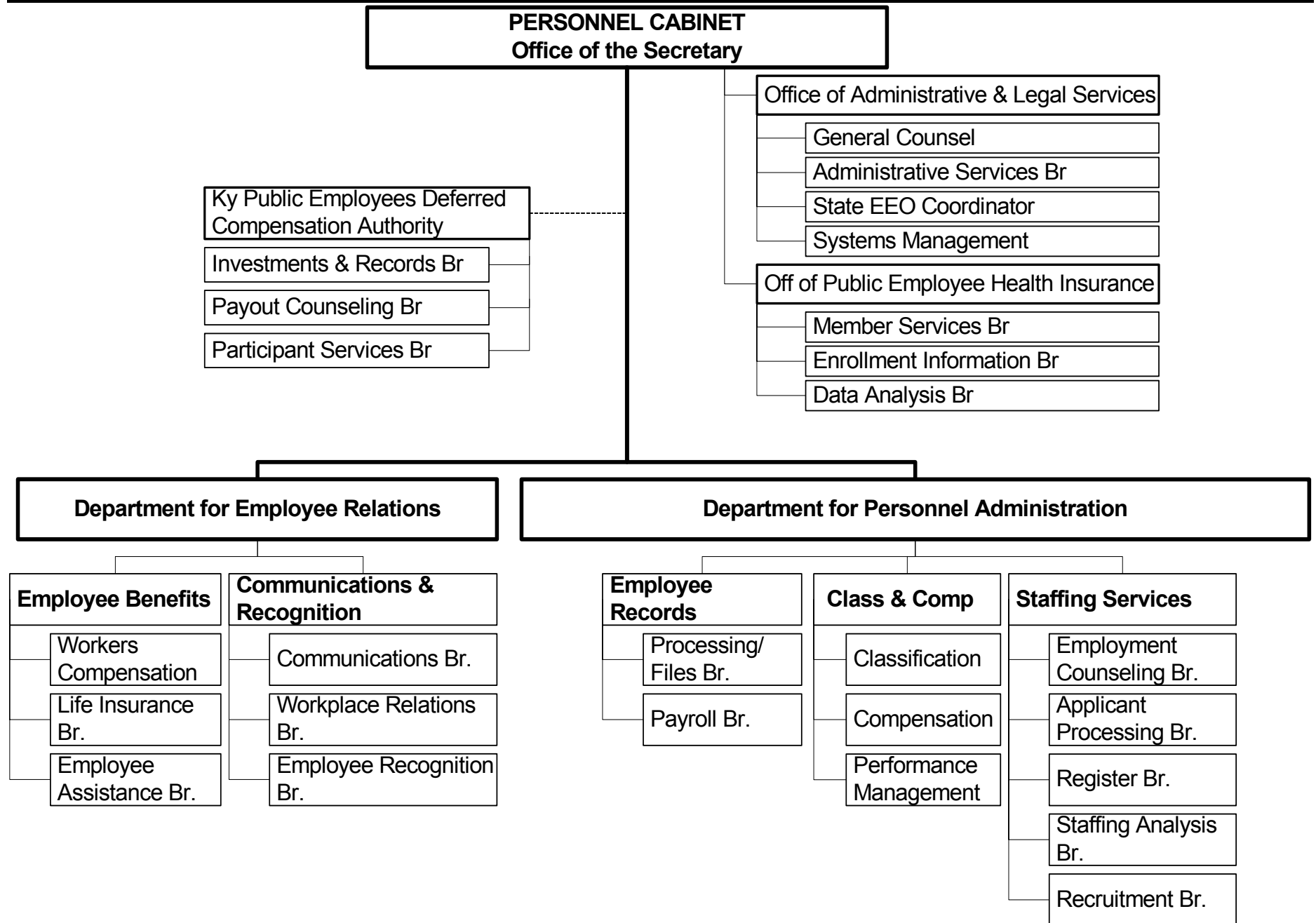
## VISION

To serve as a national model for innovative, accessible, and responsive human resources services.

## MISSION STATEMENT

The Personnel Cabinet is dedicated to providing exceptional services and leadership for effective, efficient, and proactive human resources management systems.

# Organizational Chart



# Responsibilities

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## Office of the Secretary

Provides executive policy and management support to the departments/divisions of the Cabinet; promulgates administrative regulations; advises the Personnel Board on matters pertaining to the classified service; conducts investigations on all matters relating to the personnel laws and rules; prepares budget estimates for support of the personnel system; provides personnel services to unclassified employees according to agency agreements; and provides for such other services as are enumerated in KRS 18A.030.

## Kentucky Public Employees' Deferred Compensation Authority

The Kentucky Public Employees' Deferred Compensation Authority (Authority) is a "voluntary" supplemental retirement benefits program available to Kentucky public employees (this includes employees of state government agencies, public school systems, state universities, and local government entities).

## Office of Administrative and Legal Services

The Office of Administrative and Legal Services is responsible for overseeing the internal operations, personnel management and all legal related services for the Cabinet. In addition to coordinating the efforts at the cabinet level, the Executive Director serves as the Cabinet's Chief Information Officer (CIO) and represents the Cabinet in this capacity at the statewide level.

## General Counsel

In addition to providing legal services to the Personnel Cabinet, including drafting legal pleadings, memoranda, statutes, regulations, and legal opinions, the General Counsel represents the Personnel Cabinet and its employees in administrative hearings and trials; serves as Custodian of Records for the purpose of the Open Records Act; consults with other agency officials and employees on the enforcement and application of state and federal laws and regulations governing employment; testifies before legislative committees; conducts training; and serves as an expert witness in trials concerning the State Merit System.

## Administrative Services Branch

The Administrative Services Branch is responsible for the Personnel Cabinet's budgeting, accounting, purchasing, property management and payroll administration.

## Systems Management Branch

The Systems Management Branch is responsible for overseeing the computerization of the Personnel Cabinet as well as providing the technical support required to keep the IT (information technology) solutions operational.

# Responsibilities

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## **Equal Employment Opportunity Unit**

The Equal Employment Opportunity Unit monitors the progress of the State's Affirmative Action Plan and reports to the Cabinet Secretary semi-annually on that progress; assists agencies in their recruiting efforts to meet or surpass the affirmative action goals; provides technical assistance to state agencies in the investigation of discrimination complaints; and provides training on EEO, Diversity and Sexual Harassment Prevention.

## **Office of Public Employee Health Insurance**

The Office of Public Employee Health Insurance (OPEHI) is responsible for overseeing the Commonwealth of Kentucky's Public Employee Health Insurance Program as well as the Flexible Spending Account Program for state employees. The OPEHI also supports the ongoing efforts of the Kentucky Group Health Insurance Board and the Employee Advisory Committee. This entails working with the employees of state government, boards of education, health departments and other quasi agencies in the development of recommendations on the future direction of the Program.

**Executive Director's Office** consists of the Executive Director, Deputy Executive Director and General Counsel who report directly to the Secretary of the Personnel Cabinet. The Executive Director's office is charged with overseeing the mission of the program and the daily operations of OPEHI.

**Member Services Branch** is responsible for (a) providing customer service to the Personnel Cabinet's various constituencies, i.e., the citizens of the Commonwealth of Kentucky and the employees of state government, local boards of education, health departments, and certain quasi-agencies, (b) working with the open enrollment process to improve its administration, (c) furnishing member education with regard to the Public Employee Health Insurance Program, and (d) performing other related health insurance functions, by means of a dedicated staff of individuals.

**Enrollment Information Branch** develops and maintains an eligibility database of employee health insurance information on all participants in the Public Employee Health Insurance Program, as well as for other related health insurance services.

**Data Analysis Branch** analyzes, evaluates, and interprets health insurance data from all available sources and prepares reports based on the data for distribution to appropriate individuals within and outside the Personnel Cabinet. Further, the Data Analysis Branch is responsible for the premium reconciliation efforts, billing and administration of Commonwealth Choice Program as well as overseeing the assessment of the current Group Health Insurance Database.

# Responsibilities

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## Department for Employee Relations

The Department for Employee Relations coordinates new employee orientation and the Cabinet's annual Employee Day, which is a part of Public Employee Recognition Week. In addition, this department coordinates logistics for the annual Governor's EEO Conference (the major training event for EEO counselors and coordinators, personnel executives, and managers) including registration, development, and scheduling of 12 workshops and 3 general sessions for more than 400 participants.

### Division of Communications and Recognition

This division is responsible for the Employee Suggestion System, the Career Service Program, the Personnel Answer Line, and the Kentucky Employee Mediation Program. These programs are available to all state employees. In addition, The division publishes *Commonwealth Communique*, a bi-monthly newsletter for all state government employees, and the *Personnel Perspective*, a monthly newsletter for Personnel Cabinet employees. Staff also provides ADA technical assistance and training to the Personnel Cabinet and, upon request, to other state agencies.

### Division of Employee Benefits

This division is responsible for the Life Insurance Program, the state employees' Workers' Compensation program, the coordination of the State Safety Program, the Employee Assistance Program, and the administration of the Sick Leave and Annual Leave Sharing Programs and the Family Medical Leave Act. Many of these programs also serve employees of other governmental entities, such as local school districts, universities, and other local governments.

The Adoption Benefits Program assists Executive Branch state employees with reimbursement of eligible expenses incurred in the adoption of a child. During FY 2002-03, the division approved 12 applications for reimbursement of expenses that totaled \$33,716. This brings the program to a total of 65 approvals, totaling \$185,460.92, since its inception.



# Responsibilities

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## Department for Personnel Administration

### Division of Employee Records

This division is responsible for maintaining the central personnel files mandated by KRS 18A.020; processing personnel documents and position actions; operating and maintaining a uniform payroll system; implementing lay-off plans mandated by KRS 18A.113 to 18A.1132; certifying payrolls as required by KRS 18A.125; and monitoring and assisting state agencies in complying with the provisions of the Federal Fair Labor Standards Act (FLSA).

### Division of Classification and Compensation

This division prepares and maintains job classification and compensation plans for state employees covered by Chapter 18A, including the review of all personnel position actions, job audits, revision of class specifications, and salary surveys.

### Division of Staffing Services

This division has five broad areas of responsibility: applicant processing, applicant counseling, recruiting, examination construction, and register maintenance. Within these areas are the duties of examination research and development; review of personnel actions for minimum requirements; provision of information concerning state government employment, administration, grading and processing of examinations to applicants and employees; maintenance of register files; verification of applicant information; and certification of merit registers.

### Office/Branch of Performance Management

This office is responsible for coordinating and implementing the employee performance evaluation system throughout state government.

# Deferred Compensation Authority

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## Office of the Secretary

### Kentucky Public Employees' Deferred Compensation Authority

The Kentucky Public Employees' Deferred Compensation Authority (Authority) is a "voluntary" supplemental retirement benefits program available to Kentucky public employees (this includes employees of state government agencies, public school systems, state universities and local government entities).

Kentucky's Deferred Compensation plans have maintained their high ranking among Government Deferred Compensation plans again this fiscal year. Based on the most recent survey data provided by the National Association of Government Deferred Compensation Administrators (NAGDCA) for IRC Section 457 Plans, the Kentucky Authority is 21st in the nation, both in terms of 457 Plan assets and in the number of participants, and is 8th with respect to the 401(k) Plan. Also, a separate report indicates Kentucky ranks 9th in assets and 8th in participants for those states reporting both 457 and 401(k) Plans. According to the NAGDCA survey, Kentucky continues to rank ahead of several more populous states.

In addition, a recent survey of the top 1,000 Public Defined Contribution Plans appearing in *Pensions & Investments* magazine ranks Kentucky Deferred Compensation as the 25<sup>th</sup> largest program in terms of total plan assets.

During Fiscal Year 2002-2003, the Authority Board:

1. Due to unfavorable market conditions, as well as the transfer of significant assets to the various retirement systems to purchase service credits, was unable to authorize a participant fee reduction for a 7<sup>th</sup> consecutive year. However, the fee reductions authorized in the previous 6 years have resulted in a recurring annual savings to participants of approximately \$3.1 million.
2. Negotiated a 2-year contract extension of the Nationwide Retirement Solutions, Inc. (NRS) record keeping, mutual fund investment consulting, marketing agent and communication service contracts. The 2-year negotiated savings for the Authority is more than \$1 million.
3. Has drafted a deemed IRA program to be attached to the 401(k) Plan as a 'side car' account. Approval to implement this new program has been received from the Kentucky Department of Financial Institutions, the Kentucky Department of Insurance and the U.S. Department of Labor. The Authority is now awaiting only IRS approval before actually implementing this new program for participants.
4. Initiated an aggressive participant education campaign to increase participant awareness of the importance of asset allocation.
5. Received for a 7<sup>th</sup> consecutive year an outstanding achievement award from NAGDCA. Kentucky is the only state to receive this prestigious national recognition award for 7 consecutive years. Kentucky was a nominee for an 8<sup>th</sup> year and recently received notice it is again an award winner.

# Deferred Compensation Authority

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In addition, the Authority has achieved yet another record-breaking year in participation, and plan assets have rebounded somewhat from the significant declines sustained in the prior 2 years. Assets on June 30, 2003 were approximately \$50 million higher than at the end of FY 2002.

The following graphs, charts and tables represent the combined results from the Authority's 457 and 401(k) supplemental retirement plans through June 30, 2003:

- *Participant Volume* – Graph 1 and the accompanying table indicate the phenomenal growth rate the Authority continues to experience. The number of plan participants (with account balances) increased from 57,339 as of June 30, 2002 to 59,773 as of June 30, 2003. This represents an increase of 2,434 participants, or a 4.2% increase.
- *Plan Assets* – Graph 2 and the accompanying table shows that 2002 plan assets, on a calendar year basis, were less than 2001 (2002 - \$828 million vs. 2001 - \$892 million). Assets, on a fiscal year basis, have, however, increased from \$846 million as of June 30, 2002 to \$896 million on June 30, 2003, representing a \$50 million increase, or approximately a 6% increase. This follows 2 consecutive years where plan assets experienced a decrease in market value.
- *Plan Trends* – Several important trends continued during fiscal year 2002-2003 within the Deferred Compensation program.

*Investments* – Graph 3 indicates for the 7<sup>th</sup> time in 8 years, quarterly participant investments have increased. Quarterly participant investments increased slightly from \$24.9 million as of June 30, 2002, to \$25.1 million as of June 30, 2003. This is an increase of \$0.2 million or approximately 1%.

*Plan Assets Allocation* – Graph 4 and the accompanying table demonstrates that for an 8<sup>th</sup> consecutive year, participants invested more (but at a rapidly decreasing rate) into the mutual funds than into the Fixed Contract Fund (FCF). This is also the 7<sup>th</sup> consecutive year in which investments into the mutual funds were greater than into the FCF in 'each' quarter of the year. Graph 5 indicates the allocation of assets is now \$482 million (53.8%) in the stock mutual funds, \$70 million (7.9%) in the bond mutual funds and \$330 million (36.9%) in the FCF. The remaining 1.4% represents insurance company benefit accounts and participant loans.

- *Investments* – Graph 6 demonstrates annual investments increased again this fiscal year and totaled \$109.3 million compared to \$96.1 million at June 30, 2002, representing a 13.7% increase. The percentage of the investments into the 401(k) Plan decreased approximately 7% to approximately 64%. For the fiscal year ended June 30, 2003, the dollars invested in the 401(k) Plan exceeded those invested in the 457 Plan by nearly \$32 million. This disparity has continued to shrink primarily as a result of the passage of the Economic Growth and Tax Relief Reconciliation Act of 2001. This act made the 457 and 401(k) Plans look essentially the same.

# **Deferred Compensation Authority**

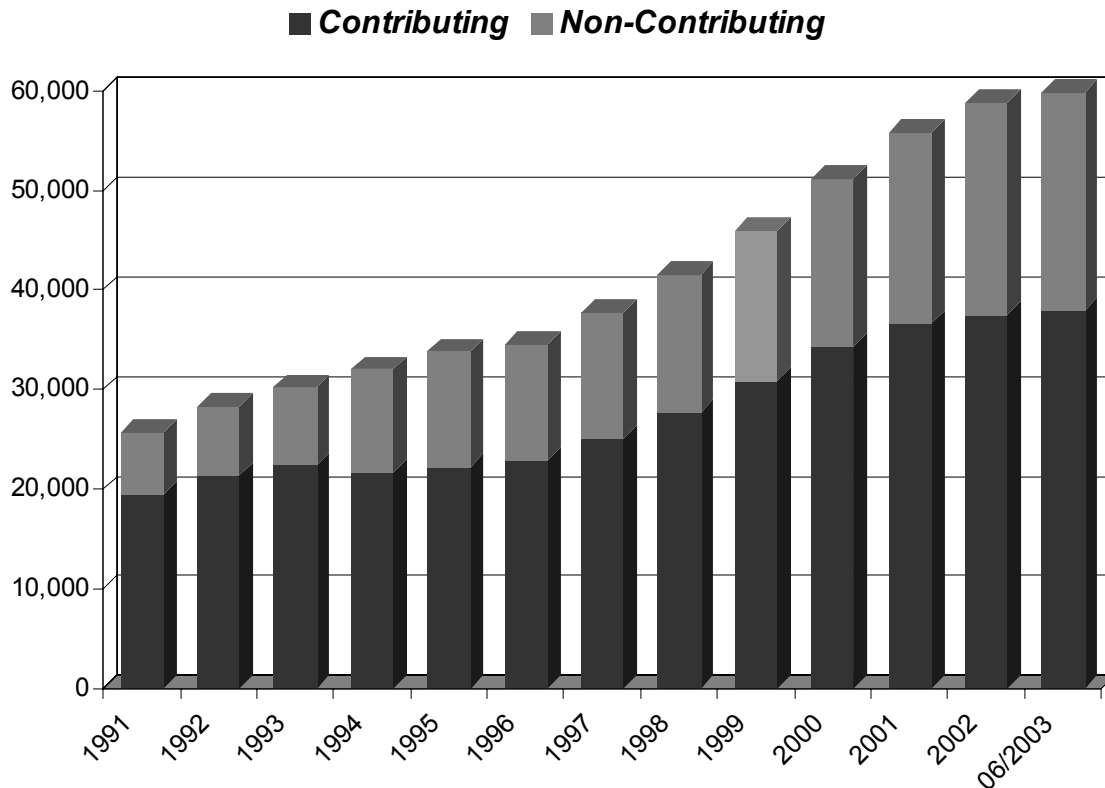
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The Authority currently offers participants 34 investment options from which they can select. The investment spectrum ranges from conservative – to – moderate – to – aggressive. This spectrum of investments consists of 32 mutual funds, 1 money market fund and 1 stable value or fixed fund product.

# Deferred Compensation Authority

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## Total Participants by Year (With Account Balances) As of June 30, 2003



# **Deferred Compensation Authority**

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## **Total Participants by Year (With Account Balances) As of June 30, 2003**

1991	26,691
1992	29,146
1993	30,188
1994	32,024
1995	33,781
1996	34,589
1997	37,330
1998	41,016
1999	46,187
2000	51,099
2001	55,749
2002	58,756
6/30/2003	59,773

# Deferred Compensation Authority

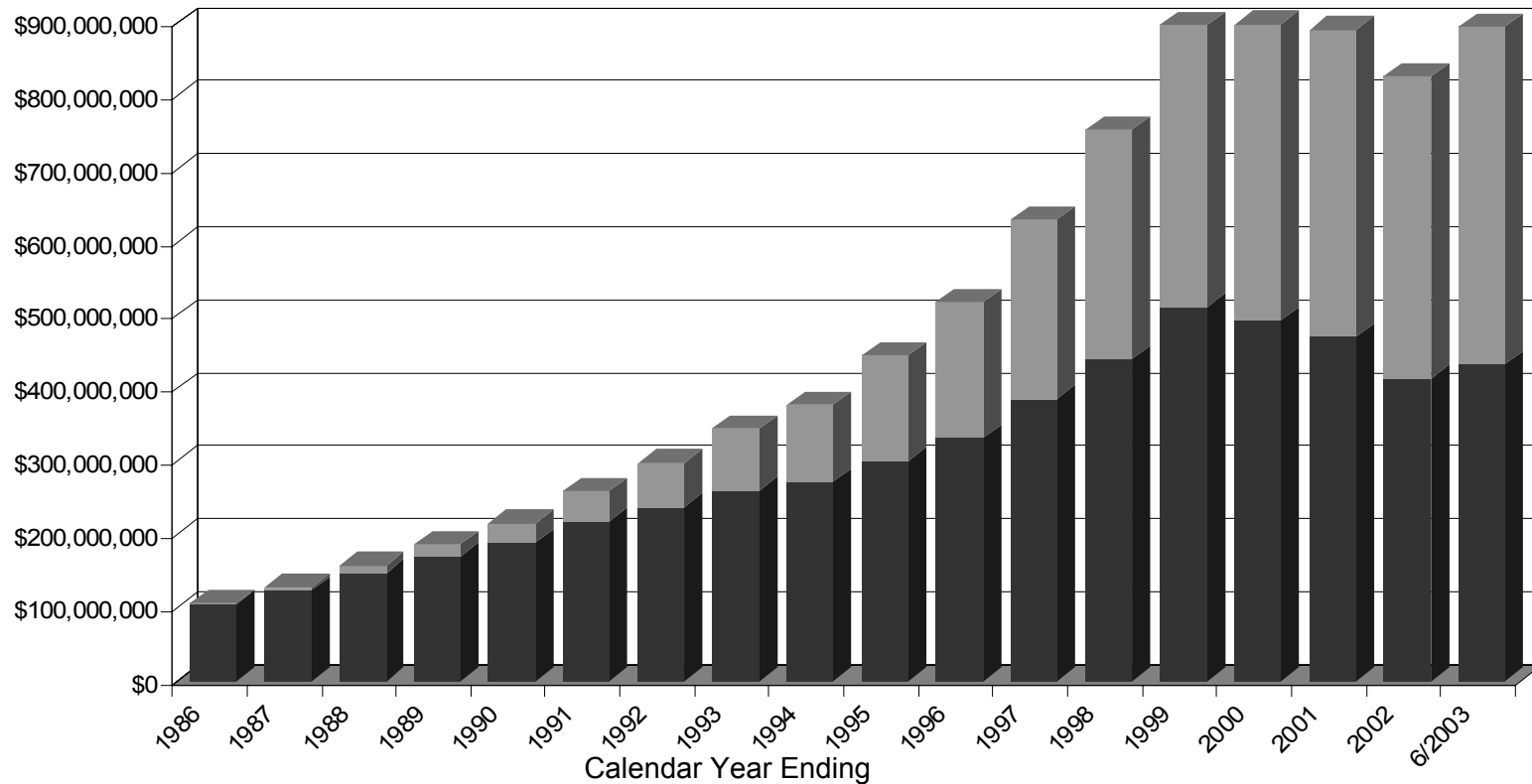
## Asset Growth by Year

(Excluding Life Insurance and Uninvested Receipts)

Calendar YTD Increase 8.23%

■ 457 (Plan I) ■ 401(k) (Plan II)

457 \$433,764,173.16  
401(k) \$462,060,662.06



# Deferred Compensation Authority

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## Asset Growth by Year

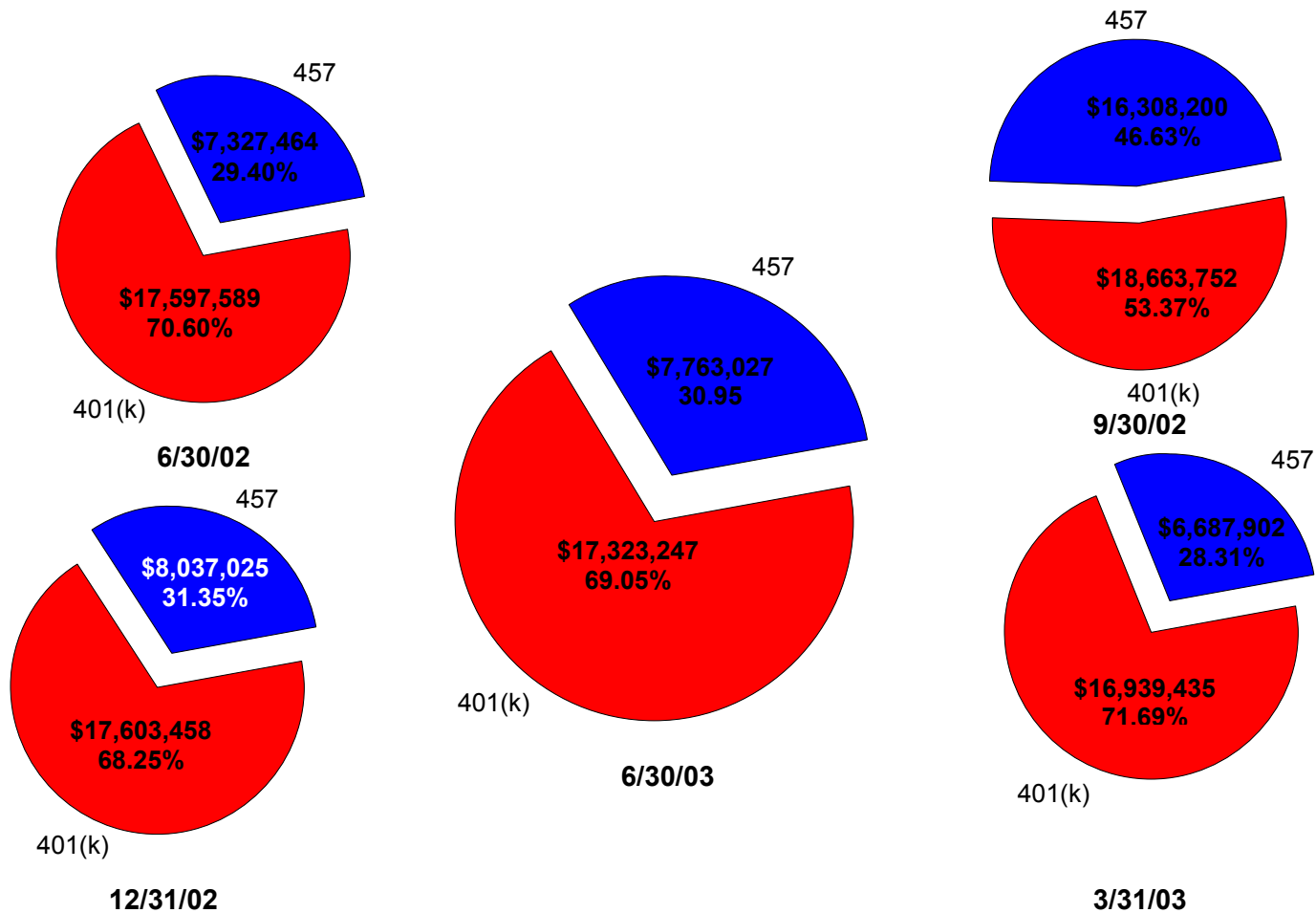
(Excluding Life Insurance and Uninvested Receipts)

Year	Assets
12/31/1991	\$260,551,464
12/31/1992	\$299,421,872
12/31/1993	\$345,628,472
12/31/1994	\$377,971,229
12/31/1995	\$445,688,072
12/31/1996	\$518,994,025
12/31/1997	\$631,499,204
12/31/1998	\$755,721,008
12/31/1999	\$897,692,891
12/31/2000	\$899,064,718
12/31/2001	\$892,252,657
12/31/2002	\$827,735,663
6/30/2003	\$895,824,835



# Deferred Compensation Authority

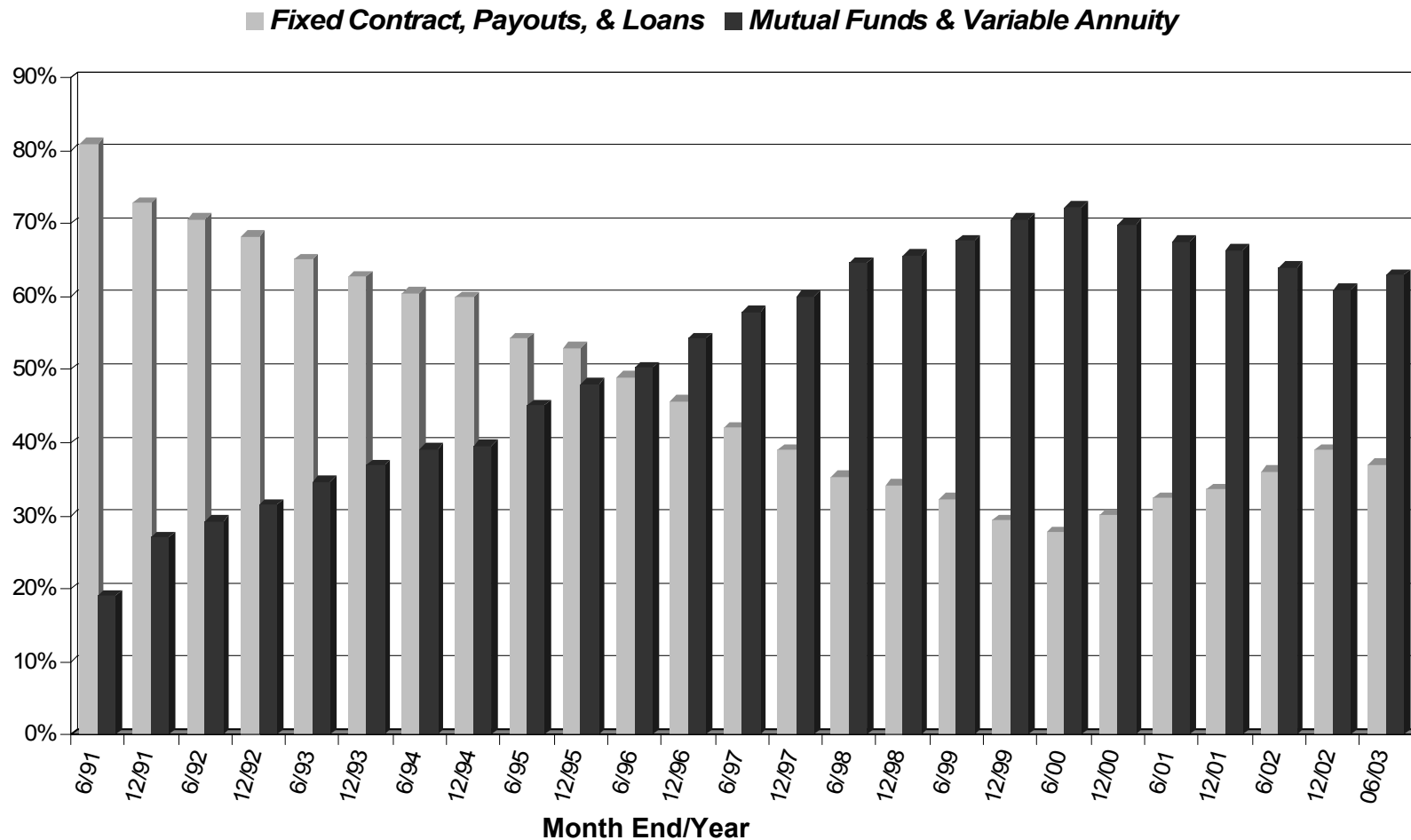
## Deferral Investments By Quarter (Excluding Life Insurance and Uninvested Receipts)



# Deferred Compensation Authority

## Percentage Allocation of Assets

(Excluding Life Insurance and Uninvested Receipts)



# Deferred Compensation Authority

## Assets - Fixed and Variable Second Quarter 1998 to Second Quarter 2003

Year	Fixed	Variable
6/98	\$241,314,310	\$460,551,898
12/98	\$251,352,384	\$503,980,246
6/99	\$256,551,756	\$561,120,867
12/99	\$274,967,238	\$622,725,653
6/00	\$268,524,880	\$651,705,621
12/00	\$259,967,624	\$639,097,095
6/01	\$277,977,742	\$639,097,095
12/01	\$289,017,828	\$592,069,637
6/02	\$292,352,027	\$541,020,876
12/02	\$319,540,391	\$508,195,322
06/03	\$330,321,165	\$565,503,670

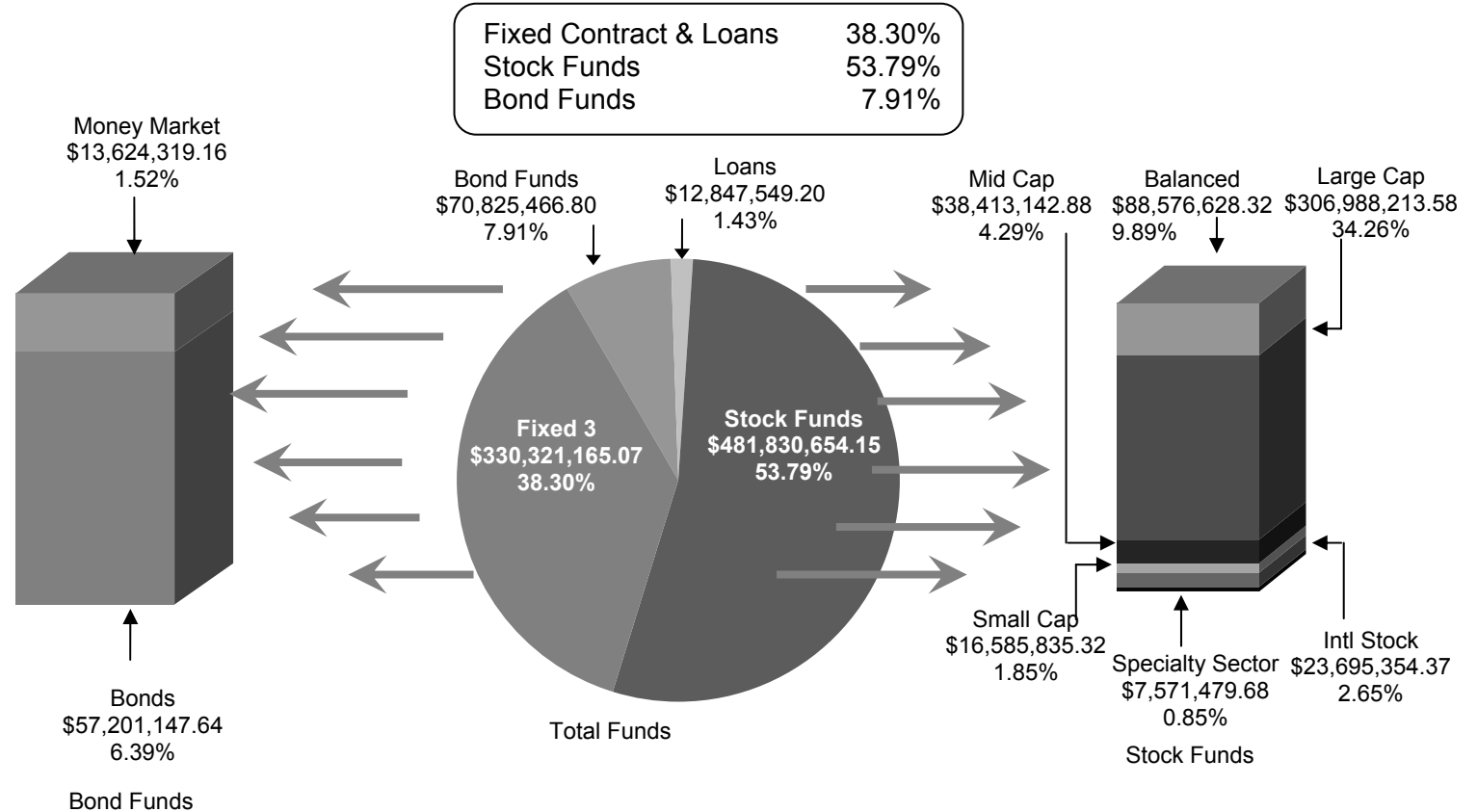
# Deferred Compensation Authority

## Allocation of Plan Assets

As of June 30, 2003

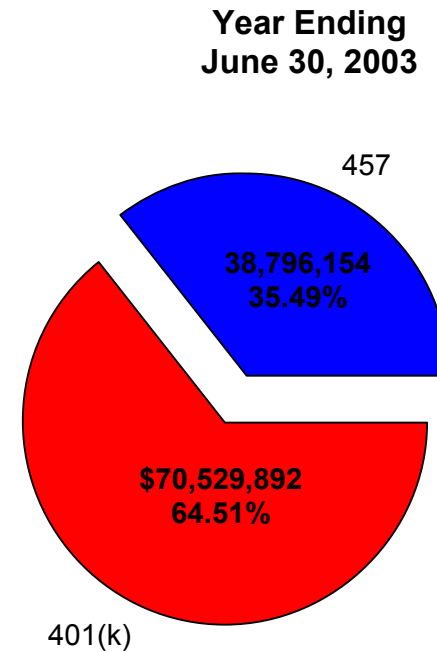
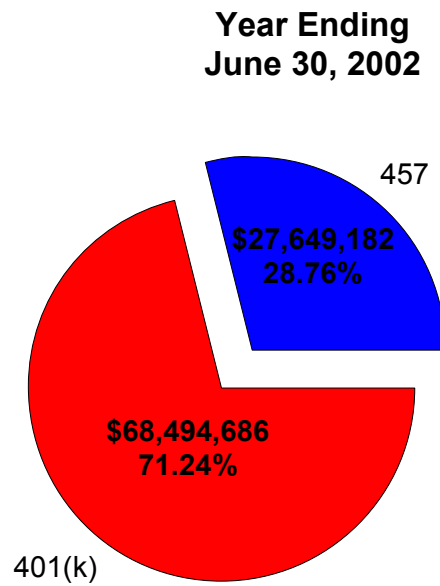
(Excluding Life Insurance and Uninvested Receipts)

(Dollars in Millions)



# Deferred Compensation Authority

## Annual Deferral Investments (Excluding Life Insurance)



# Office of the Secretary

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## **Cooperative Education and Internship Program**

The Office of the Secretary's Kentucky State Government Cooperative Education and Internship Program continues to be successful. We now have a database of approximately 1,000 active applicants. The database serves as a mechanism for reporting to educational institutions and state agencies. The system also provides queries to fill special requests from agencies.

The program serves as a recruiting tool for agencies that cannot find potential employees with appropriate skills to fill their vacant positions, and it also helps agencies meet their short-term staffing needs in critical skill areas.

Applications are received year round from students, state agencies or educational institutions. The program works best by word-of-mouth; however, 3 - 4 career and recruitment fairs are attended during the year to secure specific majors.

Approximately 75% of the participants are students from colleges and universities, 15% are students from high schools, and 10% are students from vocational/technical schools.

The location of Kentucky State University continues to serve us well in immediate and special recruitment efforts in the number of students available and in critical skill areas, such as engineering, pre-engineering, biology, chemistry, computer science, political science, accounting, criminal justice, and others.

New student and educational institution developments in Western Kentucky provide many field offices with high school and college students to fill short-term and critical staffing needs.

The program serves as a mechanism for Kentucky students to obtain practical on-the-job experience and academic credit as part of their educational experience. During this year, the participation by high schools has decreased, but the geographic location of participating educational institutions is broader.

Requests have increased for recent co-op/intern graduates for possible full-time employment. Student applications are reviewed by an employment counselor and if qualified, applicants are sent a test authorization by mail. The requesting agency is notified and the application is also forwarded to the Job Bank.

The program was recognized in 2002 and ongoing as a resource for students with outside organizations and businesses and as a consultant in developing similar programs.

# Administrative and Legal Services

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## Office of Administrative and Legal Services

- Continued to lobby for a new Integrated Personnel Payroll System (IPPS), which has not been funded due to the revenue shortfall.
- Collected quarterly reports from all of the divisions in the Personnel Cabinet on their accomplishments to create a benchmark for performance indicators for the Cabinet's Strategic Plan. Both the Internal Consultant and the Logistics Coordinator assigned to this project are assigned to this Office.
- Maintained and evaluated ClickHR, a Web-enabled employee self-service system. This system received over 3.3 million page hits in FY 2002-03.
- Assisted the Governor's Office for Technology (GOT) in writing and reviewing several IT contracts.
- Security of electronic data remains a major focus for this office. Continued to work with the Auditor's Office and GOT in FY 2002-03 to identify potential problem areas and made necessary modifications to secure all data.
- The Deputy Secretary of the Cabinet continued to perform the duties of the State EEO Coordinator.
- This office monitored both the budget and staffing patterns for the Cabinet.
- Worked with GOT in maintaining their KY Employee Direct Intranet site.

## Office of the General Counsel

- Wrote approximately 340 Opinion Letters, memoranda or other personnel-related documents (not including case pleadings) and responded to numerous questions and inquiries by e-mail and phone calls.
- Reviewed, approved or consulted on approximately 895 disciplinary action letters, including 572 suspensions, 295 dismissals for cause and 28 special leave investigations.
- Reviewed and consulted with agency attorneys and administrators with respect to 485 appeals filed with the Personnel Board.
- Represented the Personnel Cabinet in 131 appeals filed with the Personnel Board.
- Processed 252 requests submitted under the Kentucky Open Records Act and notified agencies or employees in appropriate cases.
- Made presentations to the International Personnel Management Association, and training sessions conducted by the Personnel Cabinet for personnel administrators, union negotiators and agency negotiators.
- Served on the Management Support Team, which provides oversight for the activities of the Governor's Employee Advisory Council, and negotiated Master and Unit Agreements with elected employee organizations.
- Analyzed and wrote comments on approximately 80 House and Senate Bills introduced during the 2003 Session of the General Assembly that impacted personnel issues.

# **Administrative and Legal Services**

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## **Administrative Services Branch**

### **Fiscal Management**

Administrative Services managed a series of budget reductions and spending restrictions required either via Executive Order or through the Budget of the Commonwealth over the course of the fiscal year. Restrictions involved travel, the purchase of furniture and equipment, utility usage, hiring, building improvements, and other discretionary expenditures. Despite the restrictions and while reducing expenditures, the Cabinet continued to allocate resources and progress in the areas of workflow, the on-line application for employment, on-line testing, the reconciliation of the health insurance database with premiums, database security, and the initial steps in the conversion of the Cabinet's imaging system from OSAR to MSAR.

Administrative Services developed the Cabinet's capital plan for the 2004-2010 planning period.

### **Personnel Management**

On June 30, 2003, the Personnel Cabinet had 205 employees, including 198 permanent full-time and 7 interim employees, making a decrease of 2 employees over the course of the fiscal year. (*See the Expenditures chart on page 22.*)

### **Systems Management Branch**

The Systems Management Branch consists of 10 full time staff members who are responsible for overseeing the computerization of the Personnel Cabinet as well as providing the technical support to keep IT solutions operational.

- Technologies currently being utilized include the Internet, Intranet, Web enabled register application, Imaging applications in the Register Branch, Employee Files, Deferred Compensation, Life Insurance and Health Insurance, Web Enabled Employee Suggestion System, Health Insurance Call Tracking System, and Storage Area Network System.
- Technologies currently in the development stage include online testing, conversion from "OSAR" Optical Storage and Retrieval to "MSAR" Magnetic Storage and Retrieval; installation of a Cache Server to improve performance and monitor web usage; upgrades to our existing firewall equipment.
- Other technologies currently on the drawing board include implementation of a web server and FileNet Document Services.
- The Systems Management Branch monitors and maintains 25 NT servers, 6 Unix servers, 5 optical storage and retrieval devices, and over 200 users in 4 locations. (A fourth location is near completion.) This branch also provides support for the Web Register application and the Employee Suggestion system at the agency level. The Systems Management branch maintains several databases, including Health, Life, EEO, Co-Op/Intern, and Inventory.

(Systems Management is continued on page 23.)



# Administrative and Legal Services

## Personnel Cabinet Expenditures 2002-2003 Fiscal Year

Organizational Unit	Personnel & Contracts		Operating		Capital	TOTAL
<b>Secretary's Office</b>						
Office of the Secretary	\$	463,539	\$	64,489	\$ 1,219	\$ 529,248
Office of Administrative and Legal Services	\$	1,315,998	\$	231,831	\$ 16,341	\$ 1,564,170
Deferred Compensation Authority	\$	3,859,824	\$	353,215	\$ 16,385	\$ 4,229,424
Health Insurance Administration	\$	3,394,326	\$	1,660,932	\$ 39,954	\$ 5,095,211
Commonwealth Choice	\$	283,379	\$	131,220	\$ -	\$ 414,599
Subtotal	\$	9,317,066	\$	2,441,688	\$ 73,899	\$11,832,652
<b>Department for Employee Relations</b>						
Commissioner's Office	\$	171,339	\$	57,496	\$ 588	\$ 229,423
Communications and Recognition	\$	252,442	\$	81,050	\$ 1,555	\$ 335,047
Kentucky Employee Assistance Program	\$	262,090	\$	42,207	\$ 375	\$ 304,672
Life Insurance Administration	\$	256,130	\$	86,491	\$ 16,815	\$ 359,435
Workers' Compensation	\$	18,012,330	\$	1,251,141	\$ 2,649	\$19,266,120
Subtotal	\$	18,954,332	\$	1,518,384	\$ 21,982	\$20,494,698
<b>Department for Personnel Administration</b>						
Commissioner's Office	\$	458,024	\$	50,527	\$ 881	\$ 509,431
Classification and Compensation	\$	693,835	\$	112,346	\$ 875	\$ 807,056
Employee Records	\$	847,717	\$	1,201,640	\$ 25,411	\$ 2,074,768
Staffing Services	\$	1,584,314	\$	714,001	\$ 152,974	\$ 2,451,289
Subtotal	\$	3,583,889	\$	2,078,513	\$ 180,141	\$ 5,842,544
Empower Kentucky	\$	-	\$	212,275	\$ -	\$ 212,275
<b>Capital Construction</b>						
On-line Access to Emp Records	\$	-	\$	-	\$ -	\$ -
New Personnel Payroll System	\$	-	\$	-	\$ -	\$ -
Expand KY Employee Self Service	\$	-	\$	-	\$ 24,964	\$ 24,964
Subtotal	\$	-	\$	-	\$ 24,964	\$ 24,964
TOTAL	\$	31,855,287	\$	6,250,860	\$ 300,986	\$38,407,133

# Administrative and Legal Services

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- The Systems Management Branch maintains ClickHR, an employee self-service system, that allows employees to retrieve their electronic pay stubs and check their leave balances, as well as review their life and health benefits. The system also provides for an employee profile where the employee can enter their work address and their emergency contacts.
- The Systems Management Branch interacts with other agencies and vendors to ensure the Cabinet is current regarding technology implementation at the state level and in the private sector.

## Equal Employment Opportunity Unit

The State Equal Employment Opportunity (EEO) Office is responsible for the Affirmative Action Plan for state government and the actions pertained within. The Office provides training on EEO, Diversity and Sexual Harassment Prevention. The EEO Office is also the central recruiting coordinator for all of state government. In addition, the Office maintains the job bank which is available to all applicants upon request.

One major area of emphasis is in minority and female employment.

The Commonwealth of Kentucky reached its minority employment goal for the 8th consecutive reporting period, which is a continuing record for state government. The current percentage of minority employees (excluding Constitutional Offices) is 7.65%. The goal is 7.51%.

Agencies that have reached the minority employment goal as of June, 30, 2003 are: Department of Education, the Education, Arts and Humanities Cabinet, Families and Children, Finance and Administration, Department of Local Government, Health Services, Justice Cabinet, Labor, and the Personnel Cabinet.

The female employment percentage for state government (excluding Constitutional Offices) is 50.09%. The Goal is 52.42%.

Agencies that have reached the female employment goal as of June 30, 2003 are: Economic Development, the Education, Arts and Humanities Cabinet, Department of Education, Families and Children, General Government, Office of the Governor, Veterans Affairs, Health Services, Labor, Workforce Development, and the Personnel Cabinet.

The State EEO office is also very active in recruiting applicants for all positions in state government, and the Minority Job Bank is fully operational and is constantly working with applicants and agencies for purposes of job placement.

*(See the charts on pages 24-28 for additional EEO data.)*

# Administrative and Legal Services

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**EQUAL EMPLOYMENT OPPORTUNITY DATA  
BY: CABINET/AGENCY  
As of June 30, 2003**

<b>CABINET/AGENCY</b>	<b>MINORITY GOAL 7.51%</b>	<b>FEMALE GOAL 52.42%</b>
<b>ECONOMIC DEVELOPMENT</b>	7.03	57.81
<b>EDUCATION, ARTS &amp; HUMANITIES</b>	9.94	63.56
Department of Education	11.64	70.75
<b>FAMILIES &amp; CHILDREN</b>	11.66	82.54
<b>FINANCE &amp; ADMINISTRATION</b>	7.98	43.58
<b>GENERAL GOVERNMENT</b>	5.53	55.62
Office of the Governor	5.53	55.62
Office of the Lieutenant Governor	0.00	25.00
Department of Local Government	12.50	45.31
Department of Military Affairs	4.49	26.92
Department of Veterans Affairs	5.70	80.67
Governor's Office for Technology	7.51	41.55
<b>HEALTH SERVICES</b>	12.00	70.65
<b>JUSTICE</b>	7.62	34.05
<b>LABOR</b>	8.91	57.17
<b>NATURAL RESOURCES &amp; ENV. PROT</b>	3.87	36.98
<b>PERSONNEL</b>	11.76	77.45
<b>PUBLIC PROTECTION &amp; REG.</b>	5.34	43.69
<b>REVENUE</b>	6.55	64.67
<b>TOURISM DEVELOPMENT</b>	3.80	45.49
<b>TRANSPORTATION</b>	6.72	19.75
<b>WORKFORCE DEVELOPMENT</b>	5.62	58.66
<b>STATEWIDE</b>	<b>7.65</b>	<b>50.09</b>

# Administrative and Legal Services

## MINORITY HIRING - PROJECTED GOALS STATEWIDE AS OF JUNE 30, 2003

JOB CATEGORIES	TOTAL INCUMBENTS	MINORITY INCUMBENTS	% MINORITY	UNDER UTILIZED	PROJECTED % GOAL	FEMALE INCUMBENTS	% FEMALE	UNDER UTILIZED	PROJECTED % GOAL	NUMBER MINORITIES NEEDED	NUMBER FEMALES NEEDED
OFFICIALS AND ADMINISTRATORS	3384	197	5.82	YES	7.51	1358	40.13	YES	52.42	57.1	415.9
PROFESSIONALS	17244	1343	7.79	NO	7.51	9721	56.37	NO	52.42	0.0	0.0
TECHNICIANS	2141	128	5.98	YES	7.51	837	39.09	YES	52.42	32.8	285.3
PROTECTIVE SERVICE WORKERS	3294	188	5.71	YES	7.51	445	13.51	YES	52.42	59.4	1281.7
PARA-PROFESSIONALS	2788	347	12.45	NO	7.51	2118	75.97	NO	52.42	0.0	0.0
OFFICE AND CLERICAL	3514	274	7.80	NO	7.51	3032	86.28	NO	52.42	0.0	0.0
CRAFTSMEN	2878	182	6.32	YES	7.51	216	7.51	YES	52.42	34.1	1292.6
SERVICE/ MAINTENANCE	4203	357	8.49	NO	7.51	2032	48.35	YES	52.42	0.0	171.2
<b>TOTALS</b>	<b>39446</b>	<b>3016</b>	<b>7.65</b>			<b>19759</b>	<b>50.09</b>				

# Administrative and Legal Services

## Ethnic & Gender Personnel Report Statewide As of June 30, 2003

Job Category	Total	White		Black		Hispanic		Asia/Pac		Amer Indian		Other		Total Minority	Total	
		M	F	M	F	M	F	M	F	M	F	M	F		M	F
Officials and Admin	3384	1925	1262	89	89	6	2	2	2	0	2	4	1	197	2026	1358
Professionals	17244	7005	8896	425	726	22	18	29	42	11	9	31	30	1343	7523	9721
Technicians	2141	1248	765	38	62	3	1	9	1	0	2	6	6	128	1304	837
Protective Service Workers	3294	2704	402	118	36	12	3	8	2	3	2	4	0	188	2849	445
Para-Professionals	2788	604	1837	60	258	4	8	1	4	1	3	0	8	347	670	2118
Office and Clericals	3514	431	2809	45	208	3	4	0	4	1	3	2	4	274	482	3032
Craftsmen Worker	2878	2497	199	159	15	2	0	0	0	2	1	2	1	182	2662	216
Service Workers	4203	1962	1884	191	132	5	1	3	5	2	3	7	7	357	2170	2032
<b>TOTALS</b>	<b>39446</b>	<b>18376</b>	<b>18054</b>	<b>1125</b>	<b>1526</b>	<b>57</b>	<b>37</b>	<b>52</b>	<b>60</b>	<b>20</b>	<b>25</b>	<b>56</b>	<b>57</b>	<b>3016</b>	<b>19686</b>	<b>19759</b>

# Administrative and Legal Services

## MINORITY HIRING - PROJECTED GOALS PERSONNEL CABINET AS OF JUNE 30, 2003

JOB CATEGORIES	TOTAL INCUMBENTS	MINORITY INCUMBENTS	% MINORITY	UNDER UTILIZED	PROJECTED % GOAL	FEMALE INCUMBENTS	% FEMALE	UNDER UTILIZED	PROJECTED % GOAL	NUMBER MINORITIES NEEDED	NUMBER FEMALES NEEDED
OFFICIALS AND ADMINISTRATORS	28	3	10.71	NO	7.51	14	50.00	YES	52.42	0.0	0.7
PROFESSIONALS	132	16	12.12	NO	7.51	107	81.06	NO	52.42	0.0	0.0
TECHNICIANS	13	2	15.38	NO	7.51	9	69.23	NO	52.42	0.0	0.0
PROTECTIVE SERVICE WORKERS					7.51				52.42		
PARA-PROFESSIONALS	5	0	0.00	YES	7.51	5	100.00	NO	52.42	0.4	0.0
OFFICE AND CLERICAL	25	3	12.00	NO	7.51	22	88.00	NO	52.42	0.0	0.0
CRAFTSMEN	1	0	0.00	YES	7.51	1	100.00	NO	52.42	0.1	0.0
SERVICE/ MAINTENANCE					7.51				52.42		
TOTALS	204	24	11.76			158	77.45				

# Administrative and Legal Services

## Ethnic & Gender Personnel Report Personnel Cabinet As of June 30, 2003

Job Category	Total	White		Black		Hispanic		Asia/Pac		Amer Indian		Other		Total Minority	Total	
		M	F	M	F	M	F	M	F	M	F	M	F		M	F
Officials and Admin	28	12	13	1	1	1	0	0	0	0	0	00	0	3	14	14
Professionals	132	21	95	4	9	0	1	0	0	0	1	0	1	16	25	107
Technicians	13	4	7	0	2	0	0	0	0	0	0	0	0	2	4	9
Protective Service Workers																
Para-Professionals	5	0	5	0	0	0	0	0	0	0	00	0	0	0	0	5
Office and Clericals	25	2	20	1	2	0	0	0	0	0	0	0	0	3	3	22
Craftsmen Worker	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
Service Workers																
TOTALS	204	39	141	6	14	1	1	0	0	0	1	0	1	24	46	158

# Office of Public Employee Health Insurance

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## The Office of Public Employee Health Insurance (OPEHI)



Established on September 16, 2000, the Office of Public Employee Health Insurance (OPEHI), has been instrumental in enabling the Personnel Cabinet to meet its statutory duties and responsibilities in the area of health insurance, as well as the needs of approximately 226,000 health insurance participants and 15,000 state employees with flexible spending account coverage. The OPEHI is comprised of the Data Analysis

Branch, Enrollment Information Branch, and the Member Services Branch. The Office of Public Employee Health Insurance has created a more customer-focused organization, which will provide a more efficient, effective, and responsive service.

The OPEHI's mission statement is as follows:

Provide exemplary health insurance customer service to the citizens of the Commonwealth, state government employees, boards of education, health departments, and other agencies as directed.

Support state government employees with health and dependent care flexible spending accounts.

Receive, analyze, and maintain health insurance data to assist the Commonwealth in making decisions relative to the state health insurance plan.

The Personnel Cabinet, Office of Public Employee Health Insurance, is dedicated solely to:

- Procuring health insurance on behalf of the Commonwealth's employees and retirees;
- Establishing performance standards for the health insurance carriers with whom the Commonwealth contracts for employee health insurance and monitor the carriers' performance;
- Establish and maintain an eligibility database of individuals participating in the Public Employee Health Insurance Program, either through an insured health option or the Commonwealth's Flexible Spending Account (for state employees);
- Educate health insurance coordinators of participating groups and eligible employees and retirees about the Public Employee Health Insurance Program;
- Provide customer service to individuals who participate in the Public Employee Health Insurance Program;
- Address issues raised by legislators regarding the Public Employee Health Insurance Program;
- Assess the impact of proposed legislation on the Commonwealth's healthcare program;
- Provide input to the Commonwealth's budget process with respect to the Public Employee Health Insurance Program;
- Collect, maintain, and analyze enrollment and claims payment data from the Commonwealth's Health Insurance carriers through a consolidated database.
- Procure data analysis services to establish and maintain a comprehensive database of eligibility, claims, and utilization data necessary to manage the Commonwealth's Public Employee Health Insurance Program; and
- Facilitate the quarterly meetings of the Employee Advisory Committee and provide information to the Committee at its request.



# Office of Public Employee Health Insurance

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## What comprises the Public Employee Health Insurance Group?

	2002	
	Average Lives	% Of Total
State Employees	63,415	28.2%
School Boards	116,428	51.9%
Health Depts.	3,945	1.8%
KERS	20,823	9.3%
KTRS	15,905	7.1%
KCTCS	2,939	1.3%
COBRA	1,084	0.5%
<b>Total</b>	<b>224,539</b>	<b>100.0%</b>

## During 2002, OPEHI

- Procured with assistance from the Finance and Administration Cabinet, health insurance for 225,000 Commonwealth employees, retirees and their families for Plan Year 2003. This process takes in excess of six months, beginning with compiling the Request for Proposal, then soliciting bids from health insurance carriers, evaluating and scoring each bid, and negotiations with carriers, and ending with the signing of the contracts with the health insurance carriers.
- Provided support to Insurance Coordinators for 183 School Boards, 47 Local Health Departments, State Agency Coordinators, Kentucky Judicial Retirement System, Kentucky Legislative Retirement System, Kentucky Retirement System, Kentucky Teachers' Retirement System, Kentucky Community and Technical College Systems as well as numerous quasi-agencies participating in the Public Employee Health Insurance Program.
- Conducted training sessions throughout Kentucky, training over 600 Health Insurance Coordinators on changes and updates to our health insurance program during open enrollment and spring training.
- Processed approximately 125,000 health insurance applications for members of the Public Employee Health Insurance Program. Of that, approximately 90,000 were processed in a period of two and a half months.
- Electronically transmitted daily transaction files and monthly synch files to participating health insurance carriers.
- Handled customer service calls from our members.
- Processed approximately 14,000 Commonwealth Choice enrollment forms.
- Processed monthly discrepancy reports on Commonwealth Choice.

# Office of Public Employee Health Insurance

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- Conducted quarterly meetings with the Kentucky Group Health Insurance Board. Further, OPEHI assisted the Board with the preparation and distribution of its Annual Report to the Governor, General Assembly and Chief Justice of the Supreme Court.
- Initiated premium reconciliation efforts for state agencies, school boards and the State Retirement Systems (KRS and KTRS). These premium reconciliation efforts resulted in a drop in the error rate between OPEHI's eligibility system and payroll from 5% per month to less than .5% per month resulting in substantial savings to the Commonwealth.
- Assumed responsibility for billing and administration of Commonwealth Choice program for those agencies that are not paid through the State Payroll System (UPPS).
- Initiated an intensive assessment of the Group Health Insurance Eligibility Database and procedures currently utilized for the Public Employee Health Insurance Program.
- Developed data warehouse of insurance program's data in conjunction with Health Insurance Information Management System vendor, The MEDSTAT Group.
- Developed analysis of health insurance program's performance using above data warehouse.
- Continued the responsibility for resolution of issues with data transfer to/from insurance vendors and participating agencies.

# Communications and Recognition

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## Department for Employee Relations

### Division of Communications and Recognition

In addition to their other duties, staff members of this division provide Americans with Disability Act (ADA) technical assistance and training to the Personnel Cabinet and to other state agencies on request.

#### Communications Branch

- Published and distributed the *Commonwealth Communiqué*, a quarterly newsletter, for over 40,000 state government employees across the Commonwealth. A new schedule increasing the number of issues by 50% was created, and *Communiqué* will be published bi-monthly in FY 2003-04.
- A Web-based version of *Communiqué* was created during FY 2002-03, which will save approximately \$80,000 annually in printing costs. This savings will be realized even though the publishing schedule is to increase from quarterly to bi-monthly.
- Published and distributed the *Personnel Perspective*, a monthly newsletter for all Personnel Cabinet employees.
- Researched and compiled information for the FY 2001-2002 Personnel Cabinet Annual Report.

#### Employee Recognition Branch

- The Personnel Answer Line, 1-866-PAL-LINE (725-5463), was established in an effort to communicate the Cabinet's philosophy of openness. The staff makes every effort to answer questions concerning personnel issues for state employees and the general public. Since the establishment of this phone line in May 2002, approximately 5,000 phone calls have been answered.
- Forty-one employees were presented awards totaling \$27,509.00 through the Employee Suggestion System. These suggestions represented a first-year savings of \$432,139.87 for FY 2002 - 03.
- Career Service Certificates were processed for 2,625 employees.

#### Workplace Relations Branch

The Kentucky Employee Mediation Program (KEMP) was made available to all Executive Branch employees. Twenty-four educational training sessions were presented to 1,227 employees. The branch received 141 requests for information about the program, and conducted 30 mediations. Of the 30 mediations conducted, 11 were referred by the Personnel Board and 19 were not Board-referred cases. Settlement agreements were reached in 60% of all of the cases. (71% of non-Board-referred cases settled, and 42% of Board-referred cases settled.)

# Employee Benefits

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## Division of Employee Benefits

### Group Life Insurance Administration Branch

The current Basic Insurance and AD&D rate per thousand is \$ 0.098.

The Group Life Insurance Administration Branch carries out all administrative services including: enrollment processing, eligibility data base maintenance, bill generation and payment processing, refunds, customer service, claims processing, and distribution of materials.

The current life insurance carrier is Standard Insurance Company located in Portland, Oregon. This contract will expire on June 30, 2004. The contract provides for two one-year renewal options with Standard.

The Life Insurance Branch administers group life insurance for eligible employees at 444 locations.

State Agency	180
Board of Education (roster)	162
Board of Education (individual)	21
Health Department	54
Quasi Agencies	27

The Life Insurance Branch provides Basic Insurance and AD&D coverage for 143,440 employees. In addition to the Basic coverage, the branch also provides optional coverage to 16,338 employees and dependent coverage to 13,054 employees.

The Branch processed and paid 267 death claims.

197 Basic Insurance and AD&D Claims  
Total Basic/AD&D benefits paid \$ 4,430,000

37 Optional Insurance and AD&D Claims  
Total Optional/AD&D benefits paid \$ 1,169,000

69 Dependent Group Life Claims  
Total Dependent benefits paid \$ 627,500

10 Seat Belt Claims  
Total Seat Belt Claims paid \$100,000

# Employee Benefits

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## Workers' Compensation Branch

- The Branch has received and processed 6,150 First Report of Injuries.
- The Branch has continued to provide coverage for approximately 100,000 state employees in all 120 counties throughout the Commonwealth.
- The Branch has continued to provide coverage for approximately 30,000 volunteer ambulance and volunteer firefighters in 118 counties in the Commonwealth.
- The Branch Manager provided training and education to approximately 2,400 employees (this includes the supervisory training conducted by the Personnel Cabinet).
- The Branch has received and processed 47,300 medical bills.
- The Branch has received and processed 2,367 Temporary Total Disability Benefit checks.
- The Branch Manager recovered \$92,472.00 in subrogation recoveries.
- Record Only Files totaled 2,656 for Fiscal Year 2002-03
- Total number of claims set up by this Branch for Fiscal Year 2002-03 was 3,494
- Total medical expenses for Fiscal Year 2001-2002 were \$ 4,417,295.73.
- The Branch assigned 80 claims to attorneys for representation before the Workers' Compensation Board.
- The Branch assigned 43 workers' compensation cases to Rehabilitation Nurses for more detailed case management.

## Return to Work Program

- The Rehabilitation Counselor assisted in returning 35 employees to work with either temporary or permanent restrictions.
- Assisting with returning injured employees to work has resulted in a savings of \$250,000.00

# Employee Benefits

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## **The Kentucky Safety Program**

- The Kentucky Safety Coordinator performed 11 workplace inspections for OSHA compliance.
- Cumulative Trauma related injuries have increased during recent years; therefore, a large emphasis has been placed on ergonomic training. The Kentucky Safety Coordinator has provided 14 ergonomic training sessions for 277 state employees and conducted 189 ergonomic audits.
- The Kentucky Safety Coordinator has provided 27 general safety training sessions, training approximately 368 employees.
- CPR and first aid trainings were conducted for approximately 43 employees.
- The Kentucky Safety Program hosted 6 blood drives resulting in approximately 408 units of blood.

## **Kentucky Employee Assistance Branch**

### **Client Totals**

During FY 2002-03, the Kentucky Employee Assistance Program (KEAP) provided direct employee assistance services to 1,061 state employees and/or their dependents. This number indicates new cases opened. Many ongoing services were also provided on behalf of established clients. (See chart on page 36.)

### **Agency Utilization**

The cabinets in which employees most utilized the services were the Justice Cabinet (13% of our clients came from the Justice Cabinet), the Cabinet for Families and Children (13%), Transportation Cabinet (10%), and the Cabinet for Health Services (8%). (See chart on page 37.)

### **Main Presenting Issues**

The issues most frequently presented include: mental/emotional health (31%), job stress (21%), supervisory referrals (17%), and relationships (14%). (See chart on page 38.)

### **Indirect Contacts (Outside Meetings and Workshops)**

KEAP staff was involved in many workshops and meetings that result in numerous indirect contacts. These contacts include monthly presentations at GSC on how supervisors can use KEAP as a management tool. KEAP staff conducted workshops on various topics, such as Life in the Balance, Stress Management, Mental Illness in the Workplace, participated in the Personnel Cabinet training sessions across the state, as well as Critical Incident Stress debriefings and Grief in the Workplace sessions.

# Employee Benefits

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## KEAP "NEW CLIENT" TOTALS

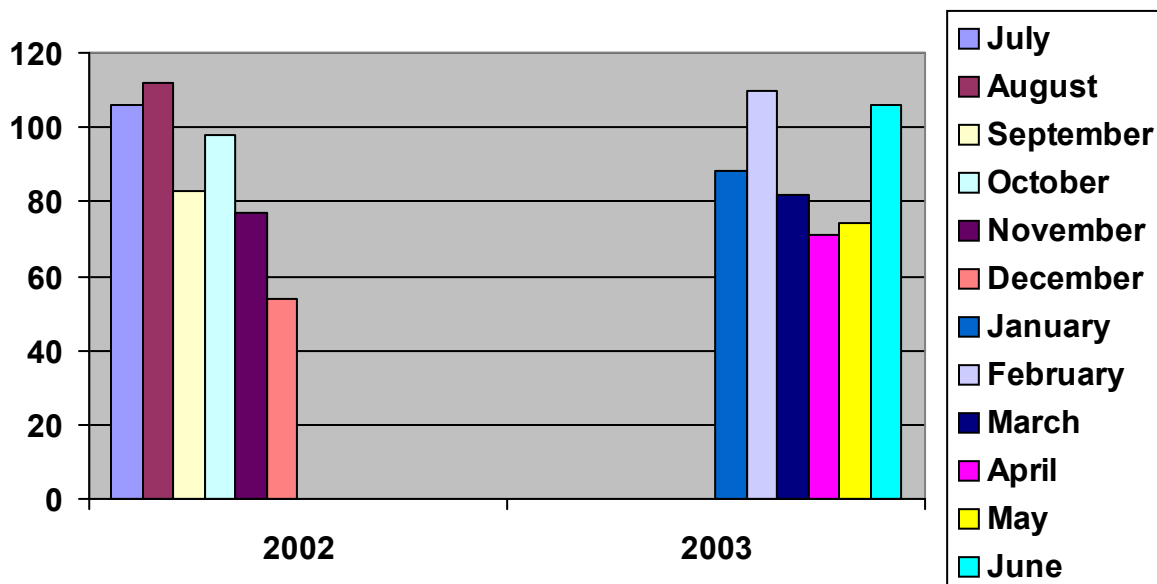
### 2002

July	106
August	112
September	83
October	98
November	77
December	54

### 2003

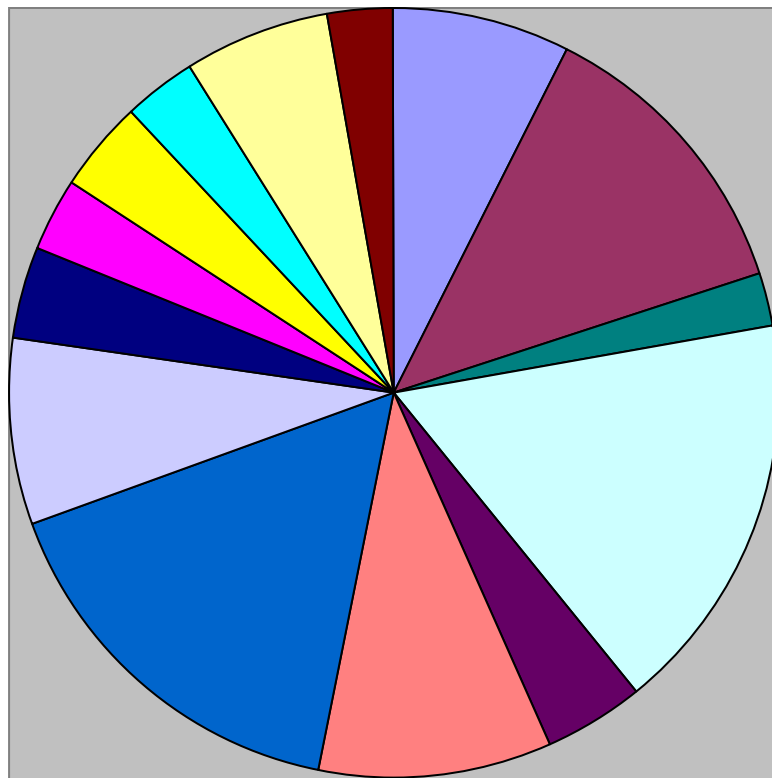
January	88
February	110
March	82
April	71
May	74
June	106

**Total 1061**



# Employee Benefits

## AGENCY UTILIZATION OF KEAP



- Constitutional Offices 6%
- DOT 10%
- Education 2%
- Families & Children 13%
- Finance 3%
- Health Services 8%
- Justice 13%
- Military Affairs 6%
- NREP 3%
- Personnel 3%
- PP& R 3%
- Revenue 2%
- Tourism 5%
- Workforce 2%

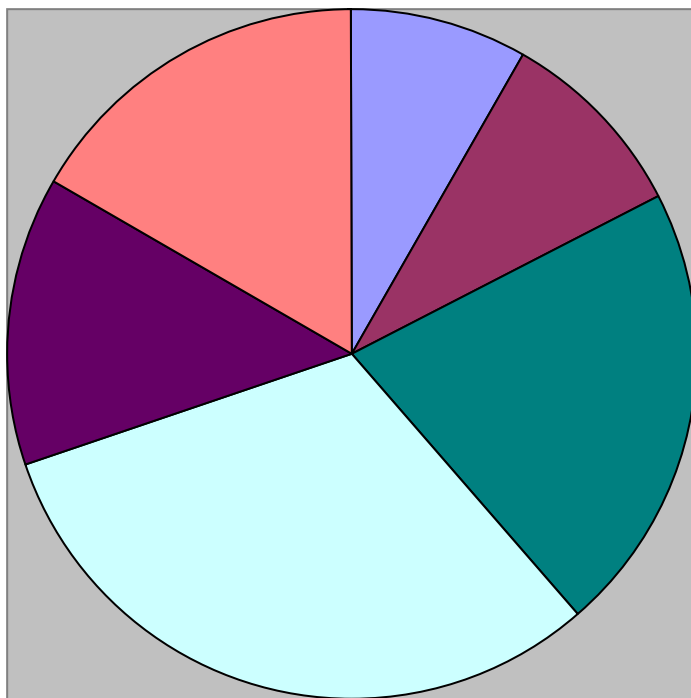


# Employee Benefits

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## KEAP PRESENTING ISSUES:

Chemical Dependency	8%
Finances	9%
Job Stress	21%
Mental Health	31%
Relationships	14%
Supervisory Referral	17%



# Employee Records

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## Department for Personnel Administration

### Division of Employee Records

- Agency Security Request Forms for CICS access have been put into electronic format and agencies request and return form via an e-mail address specifically set up for the Security Officer and the back-up to the Security Officer to retrieve.
- Conducted an updated study for a new Personnel/Payroll system with AMS (MARS).
- Security Manuals were developed to use in-house and another for agency use.
- Met with Finance to adopt their electronic timesheet, which will eventually be rolled out for each employee in the Personnel Cabinet to use.

### Processing/Files Branch

- Processed 114,700 personnel actions.
- Approximately 2,200 service records were received and completed from agency request.
- All actions are now routed electronically without the paper routing slips.
- Numerous paper reports are now on RDS.
- Worked with GOT in conjunction with the Division of Classification & Compensation in routing their actions to review by class.
- Implemented an Emergency Status Code and Fish & Wildlife Time Limited Code mandated by HB269.

### Payroll Branch

- Changed all Federal Tax Tables for calendar and mid-year.
- Made changes to Local Taxes to keep updated and current.
- Put Payroll Manual changes online.
- Put Unemployment Insurance reports on Document Direct.
- Revamped Adverse Weather Report.
- Revamped Health Insurance to include supplemental payroll, which eliminated numerous manual processes.
- Put numerous Personnel jobs on Scheduler.

# Classification and Compensation

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## Division of Classification and Compensation

Nature of Actions	2002/2003
Job Classes Revised	481
New Classes Established	13
Job Classes Abolished	16
Pay Grade Changes	7
New/Revised Special Entrance Rates	58
Class Title Changes	4
Title Code Number Changes	0

Positions Established	8143
Positions Reclassified	1998
Positions Reallocated	44

The above total is 10,185 actions taken by the Division of Classification and Compensation.

This compares as follows:

- 10,708 actions in FY 2001 – 2002
- 23,270 actions in FY 2000 – 2001
- 23,849 actions in FY 1999 – 2000
- 26,618 actions in FY 1998 - 1999
- 20,791 actions in FY 1997 – 1998
- 18,608 actions in FY 1996 – 1997.

Additionally, the Division of Classification and Compensation also reviews and approves agency requests for reorganizations, position number changes, work county changes, rate changes from full to part-time and part-time to full-time, in-grade promotions, and other personnel processes. Staff communicates with citizens, state employees, and other personnel jurisdictions throughout the county.

# Staffing Services

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## Division of Staffing Services

The Division of Staffing Services is responsible for:

1. **Merit Employment:** The division is responsible for the merit staffing and employment function of Kentucky State Government. This includes the recruitment, testing, and placement of competitive (new) employees, and the promotion of existing employees, under KRS 18A.005-18A.200 and 101KAR and all other statutes and regulations related to merit staffing and employment. The division also administers KRS 61.300, which deals with qualifications of non-elective peace officers, and KRS 61.373, which relates to returning employees to their previous positions after they have been released from military duty. The division also administers other statutes and regulations that relate to the employment of individuals in 427 different state job classes that require a license or certification.
2. **Implementation of Empower Initiatives:** The Division of Staffing Services was charged with the responsibility of automating the merit employment function of the Commonwealth in 1997. The task was to implement the original deliverables, listed below, approved in 1997 by the Governor's Office. **The implementation of the deliverables was completed in 2003, but was expanded.** The system continues to be refined and automated on a regular basis.

### Original Project Deliverable(s):

- Statewide job listing, & one-day placement of all Qual applicants on registers and conduct outplacement and recruitment programs.
- Eliminate all merit tests for promotion (IM candidates).
- Access to long rank (Names) on registers.
- Access to register and applications view and printed in agencies. Libraries access to applications.
- Access to class specifications via the web.
- Complete applications on PC and submit them electronically to the Personnel Cabinet. Scan all walk-in and mail-in applications into the Filenet imaging system for storage and retrieval as needed.
- Advertise and announce outreach recruitment and outplacement program services.
- Complete position description form online and submit electronically to the Division of Classification and Compensation.
- Install a voice activated response system (after further discussions, this system was to be replaced by an Online Self Service System).
- Conversion of employee fiche to imaged record documents and stored on electronic retrieval system.
- Established electronic workflow system for P-1's, applications and approvals to test for merit jobs.
- Establish an online grading system for the grading of individual's training and experience listed on their application.
- Conduct a best practices survey to determine appropriate selection methods. Convert written tests to Training and Experience Evaluations of applications and/or to the Qualifying selection methods where appropriate.
- Place names of applicants on registers on the same day of testing.
- Automate the test review system so that applicants can obtain immediate feedback as to how they scored on tests.
- Develop and issue a uniform policy on the advertisement of state merit jobs.
- Update personnel payroll/policy and procedure manuals and place on the Internet.

# Staffing Services

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## **Additional Refinement and Automation**

As indicated on page 40, the EMPOWER project was expanded. A number of new programs were added as part of the EMPOWER initiative. During FY 2002-03, considerable work was performed on the expanded initiatives, in addition to the regularly assigned tasks of keeping agencies staffed. Listed below are some of the examples of these programs.

**An Expanded Outreach Recruiting Program:** The State Personnel Cabinet and the State EEO Office has partnered with 73 other state agencies to recruit applicants for critical and difficult to fill positions. A personnel program consultant is assigned from the Equal Employment Opportunity State Coordinator's office to work with and assist the Outreach Recruiting Team when recruiting applicants for specific job classes. Three factors have been used to identify classes targeted for Outreach Recruiting as follows:

1. EEO Utilization Statistics
2. Turnover Rates
3. Agency Recommendations, based on their recruiting priorities

The outreach recruiting team meets monthly and schedules 40 - 60 outreach recruiting events annually at various locations throughout the state. These recruiting events have assisted agencies in maintaining and improving their statistics relative to the utilization of protected classes and in achieving their hiring goals.

**An EMPOWER Outplacement/Inplacement Program:** In order to avoid the layoff of employees displaced due to automation as a result of the EMPOWER Initiative, budget cuts and reorganizations, etc., an Outplacement/Inplacement Program was designed and approved by the Governor's Office. This program consisted of five major steps as follows:

1. Personnel Cabinet works with all agencies to identify individuals who will be displaced due to automation, budget cuts, and reorganizations.
2. A team consisting of an employment counselor from the Division of Staffing Services, a rehabilitation counselor to provide retraining if needed, and a counselor from KEAP (The Kentucky Employee Assistance Program) is assigned to work with each displaced employee.
3. Employees are placed on merit registers for which they are qualified and interested. When vacancies occur, special contacts are made to agencies and letters are issued to agencies indicating that individuals subject to layoff need to be interviewed. The letters also request that these individuals be given interviews and considered in accordance with KRS 18A.0751 in order to avoid layoffs.
4. Under the Outplacement portion of the program, after three interviews in the same agency, the individual would be placed in the next vacancy provided that the employee is interested in the position.
5. The Personnel Cabinet's Outplacement/Inplacement team members follow the progress of the outplaced/inplaced employee and provided progress reports for the next twelve-months.

**Updating/Adding of New Document Types to the Automated Filing System:** All educational credentials, including transcripts, high school diplomas, etc. have been verified and imaged into the Automated FileNet storage and retrieval system. A new automated classification filing system is being developed in order to separate applicants' documents into appropriate categories, such as education verification, licensure, etc.

# Staffing Services

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This will allow employees of the Personnel Cabinet and other authorized personnel to immediately access and verify an applicant's or employee's education, license or other credentials as required under 18A. Once completed, the new filing system will streamline the approval process for new applicants and current employees seeking to be placed on merit registers. It will eliminate searching for credentials in the wrong location, allowing vital records to be retrieved immediately. The addition of the new document types will also serve as a basis for the implementation of the expanded Educational/Licensure Verification System described below.

**Educational/Licensure Verification System:** The purpose of this system is to gather, store and verify the credentials, including the education, experience, licenses, certificates, etc. required of individuals in order to qualify for various state merit jobs.

**Phase 1:** The system for gathering of the information on applicants and storing it in the licensure system has been installed and is currently being tested. This information is gathered manually and entered into the system by employees of the Division of Staffing Services.

**Phases 2 and 3:** The second and third phases of this project are to provide a system that can be used by agencies to track and verify credentials, licenses and certifications for individuals hired in any of the 437 classes requiring licensure, certification or additional education on a continuous basis.

**Phase 3:** The third phase also involves a partnering with other state agencies that have the responsibility for overseeing licensure and maintaining educational credentials, such as GED's, so that the Personnel Cabinet can access these credentials electronically. This will speed up the verification process considerably and also improve its accuracy.

The state of Kentucky currently has 13,000 merit employees in 437 job classes that require continuous verification of license, certificate and additional education in order to comply with the requirements of KRS18A and other relative statutes.

**A New Self-Service System for Applicants and State Employees:** Due to the tremendous increase in requests for services from the Personnel Cabinet, a new self-service system including a direct link to Click HR is under development. This system allows customers to review their current status on merit registers and grants access to information contained in their master file, such as their last application, counties of availability, scores on tests and other similar information. Through a secure network, applicants and state employees will be able to update their file and request additional services.

This system is designed to bring about more efficiencies in the Register Branch by eliminating considerable paperwork and reduce the 150,000+ phone calls received by the Register Branch annually. These calls are logged by hand and require a separate paper transaction to be completed by the staff for each request.

As indicated by the statistical chart at the top of page 43, the number of requests for services between 1997 and 2003 has increased from 126,688 to 355,608, or by 276%, which without automation would have completely overwhelmed the staff of the Division of Staffing Services.

# Staffing Services

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CATEGORY	97-98	98-99	99-00	00-01	01-02	02-03
Service Requests - (Phone, E-Mails, Walk-ins, U.S. Mail, Faxes)	128,688	134,854	231,119	242,934	330,195	355,608
Applications Issued to Agencies	92,375	672,503	798,294	1,005,412	1,083,548	1,094,046
Tests Administered	41,228	35,026	38,749	42,593	46,602	24,945
Applicants Counseled	18,221	31,827	35,393	40,976	86,157	54,321
P-1 Actions Processed	3,851	9,717	12,034	14,753	17,699	10,014
T&E Scores/Reviews	2,573	3,530	3,900	4,694	4,813	3,800
Educational Verifications	2,446	2,262	3,937	3,626	4,054	5,189
<b>TOTALS</b>	<b>289,382</b>	<b>889,719</b>	<b>1,221,152</b>	<b>1,487,784</b>	<b>1,582,868</b>	<b>1,547,923</b>
Percent Change Annually using 1997 as base	0	308%	422%	514%	547%	534%

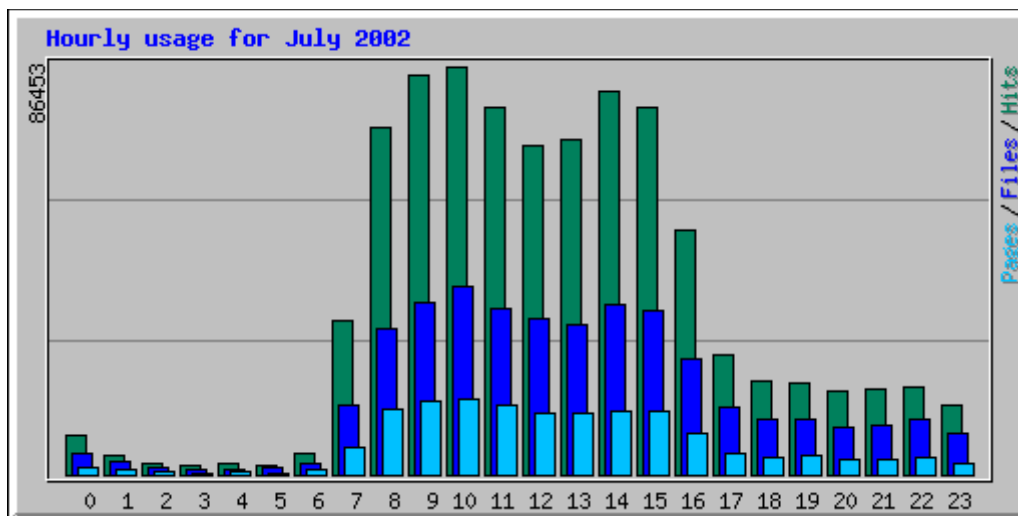
*The chart above shows Staffing Services' annual work load changes since 1997.*

**Computer Hardware/Software Access Available to all Personnel in Staffing Services:** Fifty PC's and monitors were purchased and placed on all employees' desks in the Division of Staffing Services. This was a **first** for this division. This allowed employees to access all of the new systems created to speed up the employment process, including the CICS mainframe and the AS400, which serves as a gateway for uploading and downloading a variety of files to and from the mainframe.

The computers also provided access to the Filenet storage system used for transferring registers and applications to agencies electronically. A number of RS6000 servers and accompanying software, including Adobe, Lotus, Filenet, etc. have been added to retrieve, process and produce a variety of reports, which forms part of the basis of the new automated Staffing Services Employment System.

# Staffing Services

**A New and Expanded Web Site:** The Web site and Intranet have been expanded from the initial 6 programs envisioned (Statewide listings of job vacancies, Uniform Advertisement, Class Specifications, Job Position Descriptions available to be completed by agencies, Policy and Procedure Manual, Registers, Applications, and rankings available to agencies) to more than **194 separate programs, pages, forms etc.** In addition to the listing of all merit vacancies, the Cabinet provides 24-hour access to its Web site (see chart below) in order to accommodate the approximately 355,608 requests for services received annually.



*The Chart above indicates activity on the Personnel Cabinet's Web site.*

**Summary:** Between 1997 and 2003, the new program's initiatives and automation of the employment function in the Division of Staffing Services has provided the capacity to increase the division's workload between 308-547% annually, with a 25-30% increase in resources as indicated by the chart on page 43. It also has enabled the Cabinet to move forward in meeting its major goal of establishing "Openness" as it relates to Personnel policies, procedures, and information needed by employees and citizens of the Commonwealth in order to participate fully in the Personnel system outlined under KRS 18A and 101 KAR's.



# Performance Management

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## Office/Branch of Performance Management

- Conducted employee evaluation supervisor training and/or informational sessions for approximately **1,999** supervisors and interested employees.
- Completed a revision of the employee evaluation supervisor handbook and group exercise used in the “Performance Matters” supervisor evaluation training.
- Completed a statewide update of agency evaluation trainers and training schedules. This effort resulted in verifying that **45** out of **62** agencies (**72.6%**) plan to send their new supervisors to the “Performance Matters” supervisor evaluation training conducted monthly by this office.
- Expanded the information included on the employee performance evaluation Web site. This information now includes several new options for completing the evaluation form electronically. These new options provide the ability for math calculations to be completed electronically.
- Completed a statewide audit of 2001 performance evaluations. This effort resulted in the auditing of **3,004** or **11.2%** of all evaluations conducted during the 2001 performance period.
- With the assistance of Personnel Cabinet IT staff, developed an electronic database to store employee evaluation audit information and create statistical reports used to help monitor the evaluation process statewide.
- Monitored and provided assistance to agencies in the administration of the employee performance evaluation system, resulting in verification of the following achievements:
  - √ **28,306** or **97.5%** of all eligible employees met with their supervisor during the required August 2002 interim review meeting to discuss their work performance progress.
  - √ **27,258** or **97.7%** of all eligible employees received an annual evaluation for the 2002 performance year.
  - √ **30,759** or **98.77%** of all eligible employees met with their supervisor to discuss and sign their 2003 performance plan.

# Employee Facts

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The following Employee Facts are as of June 30, 2003.

Executive Branch .....	39,468
Legislative Branch .....	447
Judicial Branch .....	3,450

Of the total permanent full-time employees in the Executive Branch:

49.74% are female

7.97% are minority

The average permanent full-time employee in the Executive Branch:

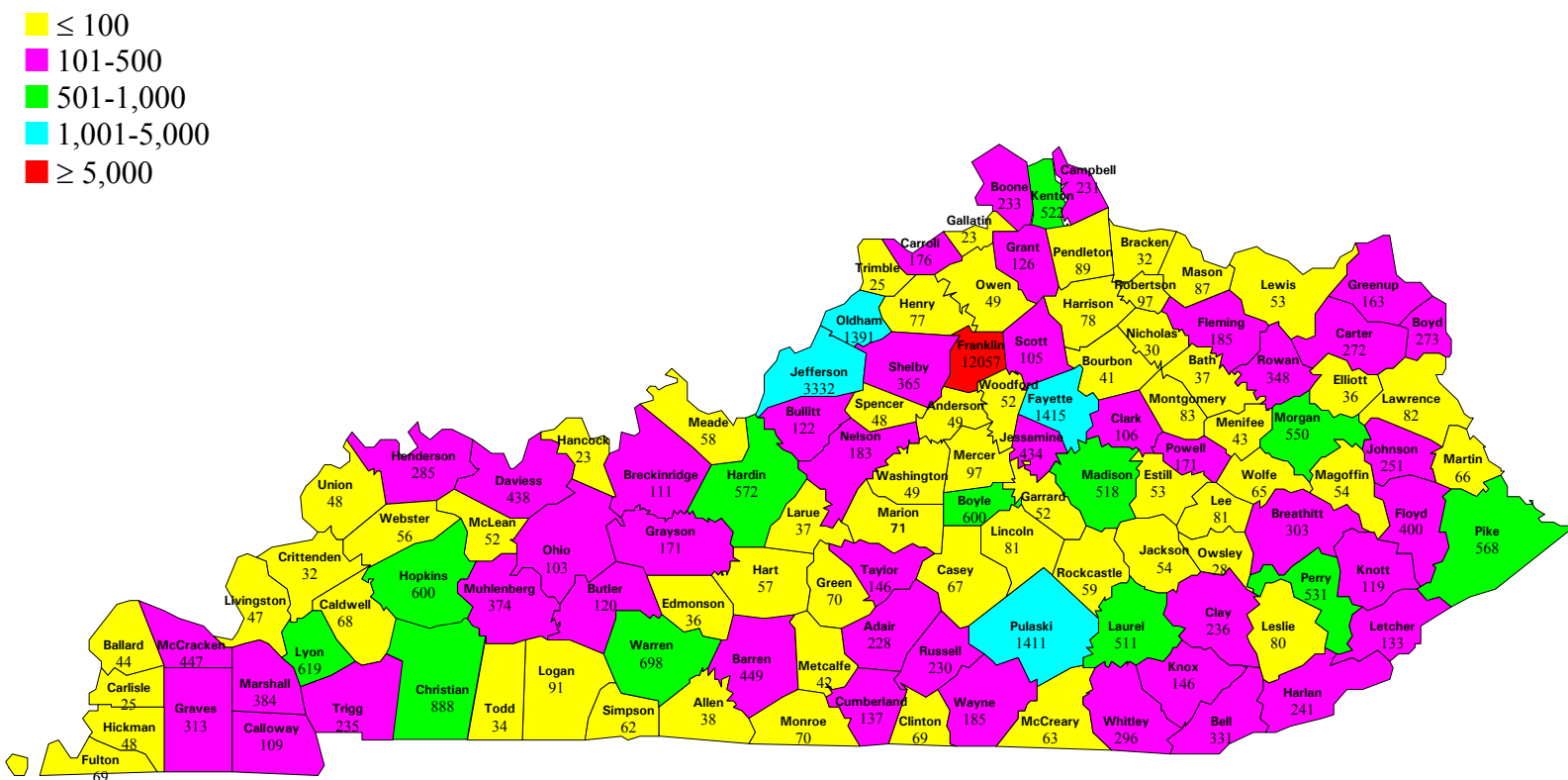
Earns \$36,185 per year salary

Receives \$7,034.63 in benefits

3.76%	Employer-paid retirement	\$1,360.56
7.65%	Employer-paid FICA	\$2,768.15
12 x \$240.00	Health Insurance	\$2,880.00
12 x \$2.16	Life Insurance	\$ 25.92

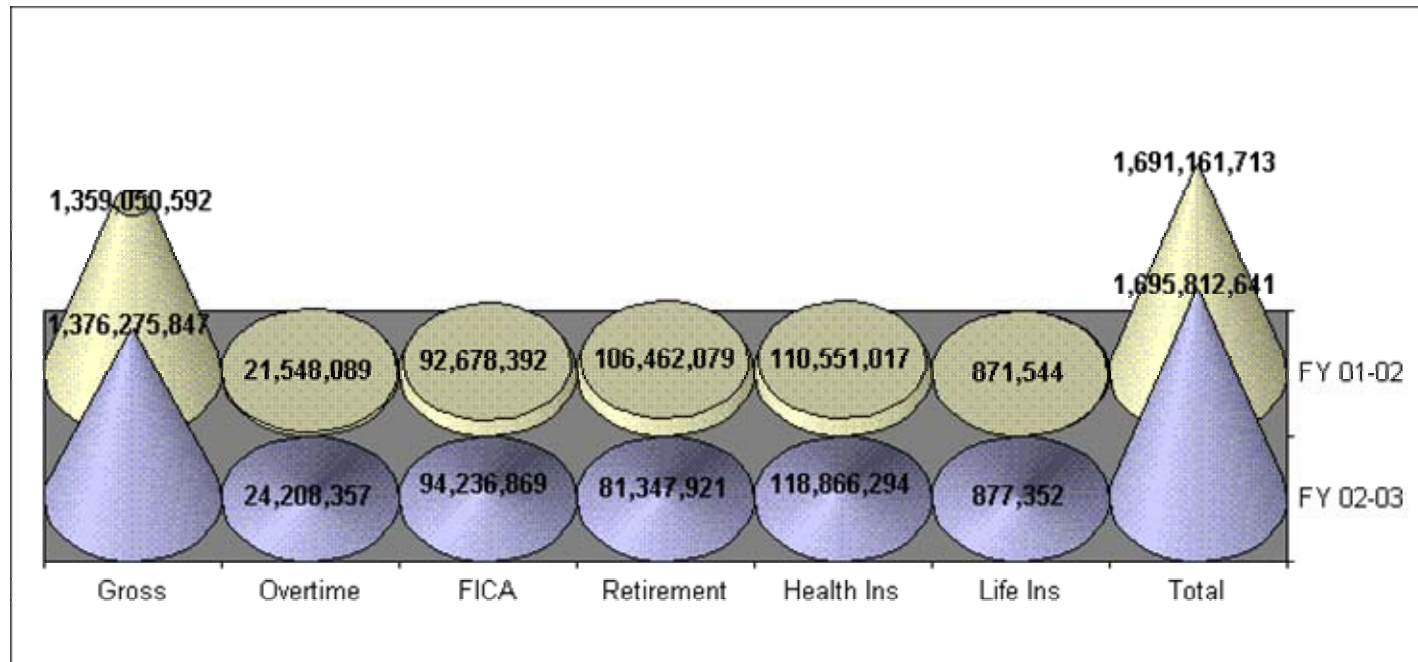
## Employee Facts

## Count of State Employees by Work County June 30, 2003



# Employee Facts

## Total Payroll Dollar Disbursement Executive Branch\*

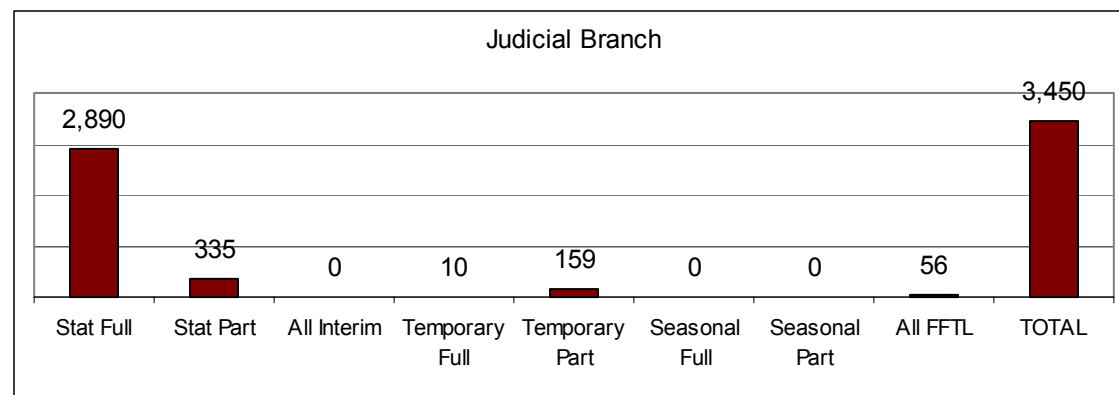
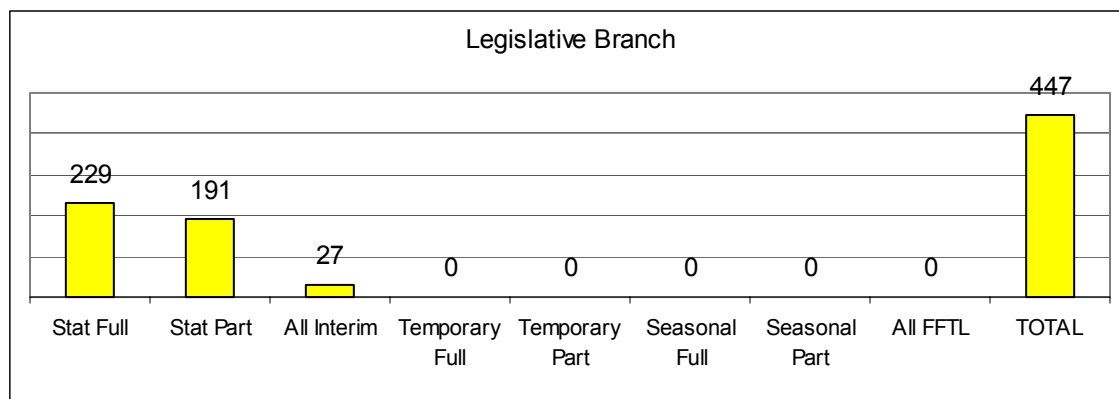
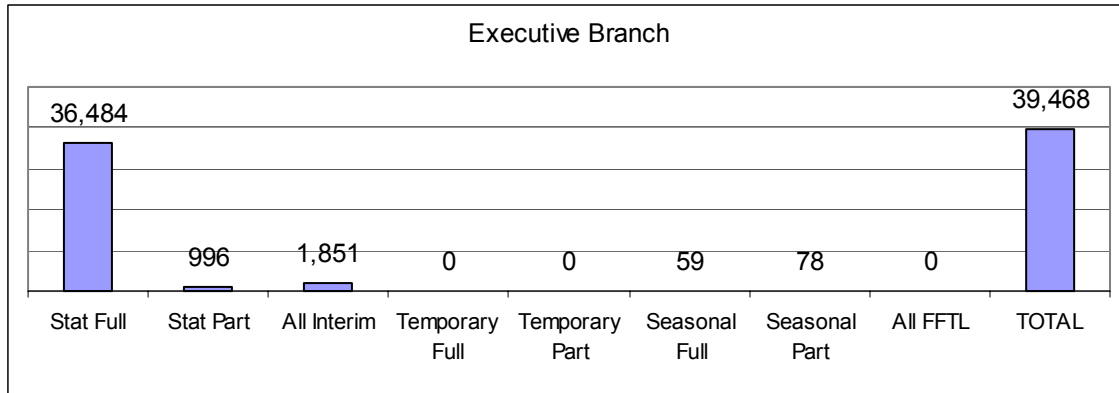


\*Regular P-1 Employees. Excludes AOC, LRC, CETA Employees, PVA's, Unified Prosecutorial System, and Constitutional Officers

# Employee Facts

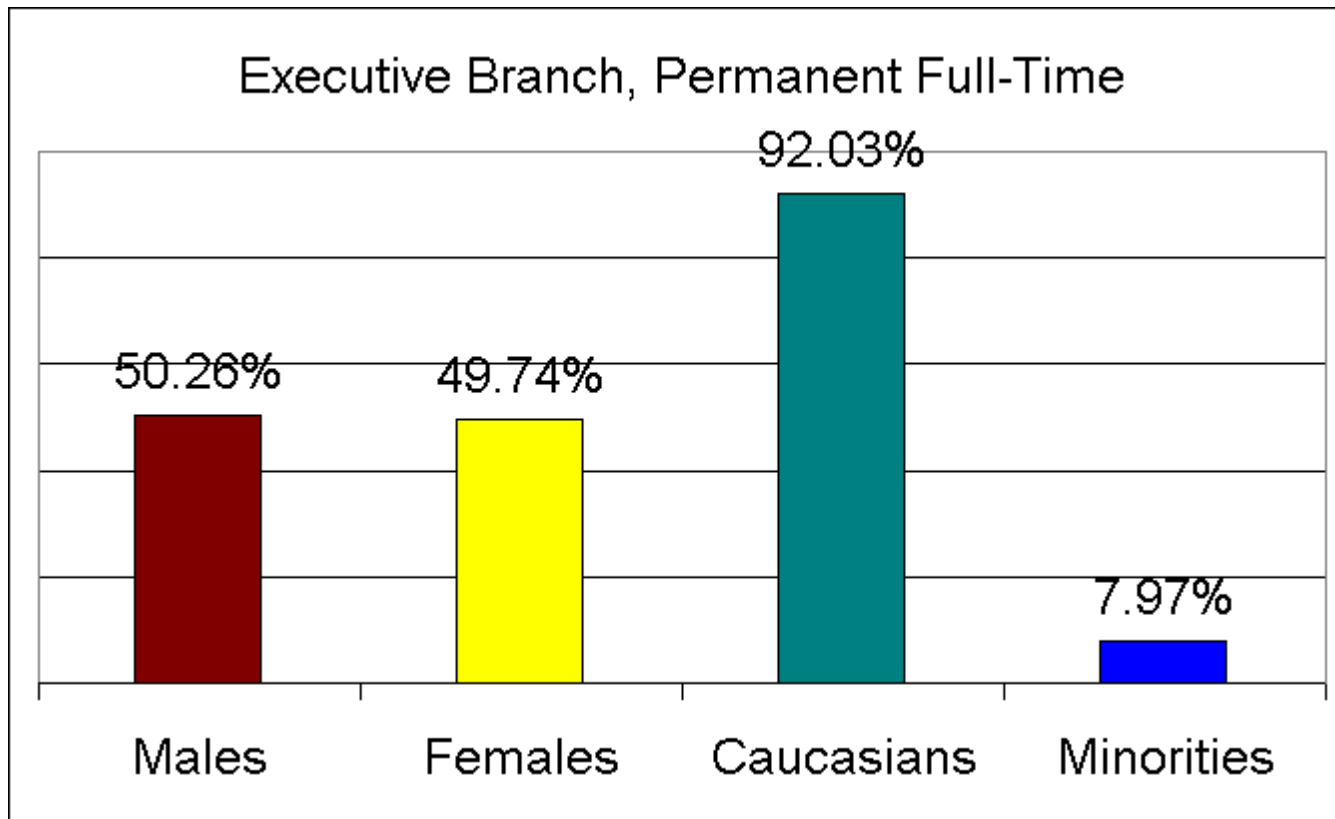
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## Employee Status Summary as of June 30, 2003



## Employee Facts

% of Employment by Race and Sex  
As of June 30, 2003



# Employee Facts

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Average Annual Salary \$36,185

Executive Branch, Permanent Full-Time

As of June 30, 2003

